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## ***Memorandum***

TO: Audit Committee

DATE: October 3, 2007

FR: Executive Director

W. I. 1514

RE: Results of the Transportation Development Act (TDA) Performance Audit of MTC

Subhash Mundle, from Mundle & Associates, Inc. will be presenting the results of the triennial performance audit of MTC. The audit covers the following three fiscal years: 2003-04, 2004-05 and 2005-06. The report on the audit of MTC is summarized in Attachment A and includes three recommendations. This memo reports on activities underway or anticipated that respond to the recommendations, which are summarized in Attachment B.

### **Audit of MTC**

The Transportation Development Act (TDA) requires that MTC administer triennial performance audits of itself and the transit operators in the region. The audits are conducted under contract by an independent auditing firm in accordance with the TDA, and adhere to a scope of work developed by MTC. The performance audit of MTC pertains to the agency's role as the Bay Area's Regional Transportation Planning Agency (RTPA). In this role, MTC is principally responsible for administering TDA and State Transit Assistance funds, regional transit coordination, and the development of the Regional Transportation Plan.

The scope of work for the audit of MTC required a systematic review to determine if MTC:

- Complied with pertinent laws and regulations;
- Established goals and objectives for its activities and programs;
- Developed standards to measure agency performance;
- Achieved desired program results; and
- Conducted its activities and utilized its resources in an efficient and economical manner.

The audit plan developed by the auditor in response to the scope of work requirements provided for an assessment of MTC's performance relative to its Strategic Plan focus areas and their relationship to the tasks, work products and resource allocation required under the work elements in the annual Overall Work Program (OWP). The OWP includes goals and objectives for each individual work element. Five work elements were identified as germane

to MTC's role as an RTPA. This approach is similar to the "goals and objectives" approach used for the audits of transit operators, and provides a basis on which MTC's performance can be assessed against the goals and objectives, and the related tasks and work products it has committed itself to achieve. This assessment relied on the OWPs in effect during the three-year audit period.

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Steve Heminger

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